

Energy Company To Allow Upstate New York Landowners To Renegotiate Natural Gas Leases

by Steven Getman Attorney

June 20, 2012

Following an investigation by New York State, Chesapeake Appalachia, L.L.C. will allow over 4,400 landowners who were locked into potentially unfavorable natural gas leases the opportunity to renegotiate with the energy company.

Chesapeake is licensed to do business in New York State for natural gas exploration and extraction from lands in certain areas of the state.

As part of the June 14 agreement, Chesapeake has agreed that landowners with leases that were extended because of the Department of Environmental Conservation's (DEC) environmental review into high-volume hydraulic fracturing, or "fracking," have the right to negotiate leases with other gas companies for more favorable terms.

The agreement includes leases that have expired or will expire prior to December 31, 2013.

Chesapeake had tried to extend the leases in 2009, claiming the state's environmental review on shale gas development constituted an uncontrollable event that allows for a lease extension if an "act of god" or unforeseen circumstance prevents drilling.

The June 14 agreement allows landowners, who were under Chesapeake's force majeure contract claims, to be released.

In addition to the state's review, a number of local communities in New York State have adopted moratoriums, temporarily prohibiting the practice in their towns, until a full environmental or zoning review is completed. Supporters of fracking see the potential for energy independence, new jobs and potential income for landowners. Opponents fear the process could cause environmental catastrophe.

Chesapeake admitted no wrongdoing as part of the settlement.

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